

Message Text

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C O N F I D E N T I A L L O M E 2615

UNA FOR TEFFT, OPIC FOR AMB SMITH

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SUBJ: US FOREIGN ECONOMIC POLICY TOWARD AFRICA

1. DR ANNE HOLLOWAY AND CHARGE YOUNG MET AUGUST 11AM WITH DR KPETIGO, DIRECTOR OF ECONOMY, TOGOLESE MINISTRY OF FINANCE AND ECONOMY, TO REVIEW TOGOLESE PARTICIPATION IN AND SUPPORT FOR REGIONAL ECONOMIC INSTITUTIONS. MEETING LASTED FOR ONE HOUR AND PROVIDED USEFUL EXCHANGE OF BACKGROUND INFORMATION ON CENTRAL TOGOLESE ROLE IN WEST AFRICAN REGIONAL DEVELOPMENT.

2. KPETIGO OUTLINED TOGOLESE EFFORT IN ESTABLISHING ECOWAS, EMPHASIZING IMPORTANCE HIS COUNTRY ATTACHED TO REGIONAL INSTITUTIONS BECAUSE OF ITS SMALL SIZE AND POPULATION AND LIMITED MARKETS. FOR EXAMPLE, TOGO'S ASSOCIATION WITH ENTENTE FUND IS CRUCIAL BECAUSE OF FUND'S ECONOMIC AND FINANCIAL IMPACT ON COUNTRY'S CAPACITY TO CAPITALIZE PROJECTS AND TO HAVE ACCESS TO INVESTMENT CAPITAL ABROAD.

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3. CITING THE COMPLEMENTARY ROLE OF THE WEST AFRICAN MONETARY UNION TOWARD TOGOLESE DEVELOPMENT POLICIES, KPETIGO BRIEFLY REVIEWED ITS TWO INSTITUTIONAL COMPONENTS: WEST AFRICAN CENTRAL BANK (BCEAO) WHICH EMITS CURRENCY FOR THE CFA ZONE AND BOAD WHICH DIRECTLY FINANCES DEVELOPMENT PROJECTS. DESPITE THE COMPLEMENTARY NATURE OF THE UNION, KPETIGO DID EXPRESS A WEAKNESS OF

THE BOAD STRUCTURE IN CONTRAST TO ECOWAS. IN HIS VIEW THERE IS LITTLE OR NO HARMONIZATION BETWEEN THE SIX MEMBER STATES' NATIONAL DEVELOPMENT PLANS AND BOAD'S OWN POLICY DIRECTION. IN FACT, BOAD LOOKS TO THE MEMBER STATES FOR PROJECT IDENTIFICATION AND SIMPLY OKAYS THESE PROJECTIONS. ECOWAS, ON THE OTHER HAND, SEEKS TO DEVELOP AN OVERALL REGIONAL STRATEGY THAT ENCOMPASES MEMBER STATES' DEVELOPMENT SCHEMES. HE REFERRED US TO THE ECOWAS CHARTER WHICH ESTABLISHES THREE STAGES LEADING TO AN ECONOMIC INTERGRATION PROCESS:

- EXCHANGE OF INFORMATION REGARDING DEVELOPMENT PLANS, FINANCING, ETC
- ACTUAL COORDINATION OF PLANNING PROPOSALS
- EXECUTION OF COMMONLY DEFINED PROJECTS

4. KPETIGO WENT FURTHER TO STATE THAT ECOWAS HAD MUCH WIDER HORIZONS THAN OTHER WEST AFRICAN REGIONAL ORGANIZATIONS. TO ILLUSTRATE, HE CONTENDED THAT BOAD, THROUGH OPERATIONAL FOR TWO YEARS, HAD LIMITED ITSELF TO FINANCING SMALL PROJECTS SUCH AS SUGAR REFINERIES AND CEMENT FACTORIES. HE GAVE EXAMPLES OF BOAD FINANCING EXPANSION OF CEMENT-MAKING CAPACITY IN BOTH TOGO AND BENIN WHEN TWO COUNTRIES WOULD HAVE TO COMPETE IN CEMENT EXPORTS TO UPPER VOLTA AND NIGERIA AS LACK OF COOPERATION AND NON-HARMONIZATION OF INTEGRATIVE POLICIES. ECOWAS WAS AGAIN REAFFIRMED AS RATIONALIZING TO A GREATER DEGREE LARGE-SCALE DEVELOPMENT AND TRADE PATTERNS FOR WEST AFRICA IN THE FUTURE. BECAUSE OF ITS RESOURCE STRENGTH BASED UPON ITS LARGER MEMBER-
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SHIP, ECOWAS IS UNDERTAKING COMPREHENSIVE STUDIES ON ROAD TRANSPORT AND TELECOMMUNICATIONS IN COOPERATION WITH ECONOMIC COMMISSION FOR AFRICA (ECA/UN) AND TAKING ADVANTAGE OF ECA'S CONSIDERABLE EXPERIENCE IN THESE FIELDS.

5. IN RESPONSE TO HOLLOWAY QUESTION REGARDING IMPACT OF ECONOMIC INTEGRATION ON MOVEMENT TOWARD POLITICAL INTERGRATION, KPETIGO ACKNOWLEDGED THIS WAS DIFFICULT TO PREDICT. SUFFICIENT POLITICAL WILL EXISTS TO MAKE ECONOMIC INTEGRATION WORK BUT IT REMAINS UNCLEAR WHETHER WILL FOR POLITICAL UNITY WILL DEVELOP. IN THE MONETARY UNION, FINANCIAL COOPERATION CONTRIBUTES TO ECONOMIC INTEGRATION AND DEVELOPMENT BUT ALSO THROUGH A COMMON CURRENCY A BASIS ISSET FOR GREATER POLITICAL ENGAGEMENT. CURRENTLY, COOPERATION OUTSIDE OF THE FRANC ZONE IS LIMITED TO AN EXCHANGE OF INFORMATION AND TO THE DEVELOPMENT OF A PAYMENT POLICY. HE DOES NOT FORESEE A COMMON MONETARY ZONE FOR ECOWAS BECAUSE OF THE DIFFERENT STRUCTURES OF FINANCIAL INSTITUTIONS ON THE MEMBER STATES.

6. DESPITE TOGO'S ACTIVE INVOLVEMENT IN WEST AFRICAN REGIONAL BODIES, KPETIGO STRESSED THAT HIS COUNTRY'S SEARCH FOR EXTENDED CAPITAL INVESTMENT TOOK THEM BEYOND ECOWAS FOR EXAMPLE. WHILE APPROACHES ARE MADE TO DONOR GOVERNMENTS AND

PRIVATE SECTOR CAPITAL, THE FORMER IS PREFERRED BECAUSE OF THE OFTEN CONCESSIONAL RATES. EXPRESSING A NEED TO GAIN GREATER FAMILIARITY WITH USG EXPORT CREDIT GUARANTEE STRUCTURES, HE SPOKE ADMIRINGLY OF BOTH FRENCH AND BRITISH GOVERNMENT EXPORT GUARANTEE ORGANIZATIONS ACTIVE INVOLVEMENT IN SECURING PRIVATE SECTOR PARTICIPATION IN TOGO. KEPTIGO EMPHASIZED HIS DESIRE TO GAIN IN DEPTH KNOWLEDGE OF HOW USG AGENCIES (OPIC, EXIM-BANK) CAN FURTHER SUPPORT HIS COUNTRY'S PATH TOWARD DEVELOPMENT.

7. IN CLOSING, KPTEIGO HIGHLIGHTED LOME'S FUTURE AS THE WEST AFRICAN REGIONAL FINANCIAL CAPITAL, DUE IN GREAT PART TO ITS BEING SITE OF HEADQUARTERING OF SEVERAL REGIONAL ECONOMIC INSTITUTIONS. HE EXPRESSED HOPE THAT THE USG AND PARTICULARLY THE ECOWAS FUND WOULD DEVELOP CLOSER TIES AND THAT USG ASSISTANCE

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TO TOGO SHOULD REFLECT, IF NOT INCORPORATE, THE COUNTRY'S CENTRAL ROLE IN REGIONAL ECONOMIC INTERGRATION.

8. KPETIGO WILL TRAVEL TO WASHINGTON FOR THE WORLD BANK MEETINGS IN SEPTEMBER. YOUNG

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